

## **FISCAL NOTE**

### **SB 532 - HB 1640**

February 15, 2005

**SUMMARY OF BILL:** Amends current law regarding supplemental medical insurance provided to retirees. Authorizes the State Insurance Committee to establish, within the appropriations available, the contribution level it shall pay on behalf of participating retirees with 30 or more years of service provided that any such contribution shall be not less than \$50.00 per month.

#### **ESTIMATED FISCAL IMPACT:**


##### **Increase State Expenditures – Exceeds \$1,900,000**

Assumptions:

- Current law provides for a graduated level of premium support for retirees based upon the retiree's length of service; full portion for 30 or more years of service; 75% for 20 to 30 years of service; 50% for 15 to 20 years of service.
- Current appropriations, as determined in the General Appropriations Act, are \$20 for retirees with 15 to 20 years of service, \$30 for retirees with 20 to 30 years of service, and \$40 for retirees with 30 or more years of service.
- 19,154 State of Tennessee retirees participating in supplemental medical insurance program (10,176 with 30 or more years of service; 6,734 with 20 to 30 years of service; 2,244 with 15 to 20 years of service).
- Increasing the minimum contribution level for retirees with 30 or more years of service from \$40 to \$50 requires the graduation of support levels for all retire groups (\$25 for retirees with 15 to 20 years of service and \$37.50 for retirees with 20 to 30 years of service).
- Increasing the minimum support level for all three groups increases state expenditures by approximately \$1,961,820.

#### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director